

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF TAYLOR COUNTY)	
RURAL ELECTRIC COOPERATIVE)	CASE NO.
CORPORATION FOR ADJUSTMENT OF)	92-080
RATES)	

O R D E R

IT IS ORDERED that Taylor County Rural Electric Cooperative Corporation ("Taylor County") shall file an original and 12 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. The information requested herein is due no later than September 4, 1992.

1. a. State whether Taylor County and East Kentucky Power Cooperative, Inc. have agreed upon payment for unbilled power purchases which occurred between September 1989 and April 1992.

b. If yes, describe the agreement. If the agreement has been reduced to writing, provide the written agreement.

c. If no, describe the current status of the billing dispute.

2. Item 43 of the June 5, 1992 Order required Taylor County to file monthly updates of actual rate case expenses by the 20th of the month following the reporting month. The updates were to require the same detail as was requested in Item 26(a) of the March 31, 1992 Order. This detail required that Taylor County include copies of invoices received from vendors. The update filed by Taylor County on July 20, 1992 did not include a copy of the invoice for voucher number 14509. Provide the invoice for this voucher. On all future updates, provide the detail of information as previously ordered in Item 26(a) of the March 31, 1992 Order and Item 43 of the June 5, 1992 Order.

3. a. Provide all collective bargaining agreements between Taylor County and Teamster's Union Local No. 89 since 1979.

b. Provide a schedule identifying all changes in each successive bargaining agreement since 1979.

4. a. Identify the provisions of the current collective bargaining agreement with Teamster's Union Local No. 89 which address employee medical insurance.

b. State whether the current collective bargaining agreement with Teamster's Union Local No. 89 permits Taylor County to select its medical insurance carrier.

c. If the collective bargaining agreement does not require Taylor County to select Blue Cross and Blue Shield as its medical insurance carrier:

(1) Describe how Taylor County procures its medical insurance.

(2) If competitive bidding is used, state when bids were last taken, the name of each of the bidders and its respective bid, and the reason for the selection of the successful bidders.

(3) If medical insurance coverage is not procured through competitive bidding, explain in detail why it was not.

d. List all differences between the medical insurance coverage that the current collective bargaining agreement requires and that Blue Cross and Blue Shield provides.

e. If the current collective bargaining agreement requires that Blue Cross and Blue Shield be Taylor County's medical insurance carrier, explain why Taylor County agreed to the inclusion of this provision in the collective bargaining agreement.

5. a. State whether Taylor County can obtain the minimum level of medical insurance coverage required under its collective bargaining agreement with Teamster's Union Local No. 89 from the National Rural Electric Cooperatives Association ("NRECA").

b. If such coverage is available:

(1) provide an estimate of the cost for single and family medical plans from NRECA.

(2) list and discuss the differences between NRECA coverage and that currently purchased from Blue Cross and Blue Shield.

6. a. State whether the current medical insurance coverage provided by Blue Cross and Blue Shield exceeds the requirements of Taylor County's collective bargaining agreement with Teamster's Union Local No. 89.

b. If yes, state the cost for single and family plans if Blue Cross and Blue Shield provided only the coverage levels required by the collective bargaining agreement.

7. Provide the cost for single and family plans meeting the coverage levels required by the collective bargaining agreement from three other medical insurance carriers.

8. Taylor County's response to Item 14 of the July 17, 1992 Order did not adequately answer the request. Taylor County was requested to provide a schedule listing the specific services provided by and the responsibilities of its board of directors. The response cited Article III, Sections 1 and 9, and Article V of Taylor County's bylaws. The cited sections of the bylaws address either the general powers and standards of the board or describes the general functions of the board officers. Provide the information originally requested in Item 14.

9. Taylor County's response to Item 21 of the July 17, 1992 Order did not adequately answer the request. In part, Taylor County was requested to provide all workpapers and a comprehensive documented written explanation for how customer weights were

derived and why the use of customer weights were necessary and appropriate. The response provided was a restatement of Taylor County's response to Item 51 of the June 5, 1992 Order, and did not include the requested workpapers or the comprehensive documented explanation.

a. Provide the information originally requested in Item 21 of the July 17, 1992 Order as it relates to customer weights.

b. Provide a detailed discussion of the reasoning used as a basis for Taylor County's judgment determination of appropriate and necessary customer weights.

10. Refer to the response to Item 24 of the July 17, 1992 Order:

a. Explain why Taylor County did not consider it necessary to allocate distribution plant investment on a zero-intercept basis.

b. Explain why the simplicity and the lower expense of the kilowatt-hour sales methodology should outweigh the use of the zero-intercept method.

c. State the difference in expense in using the zero-intercept method rather than the kilowatt-hour sales methodology.

d. Explain Taylor County's statement that the kilowatt-hour sales methodology provides a reasonable method of plant allocation. Explain the basis for this statement. Include with this explanation professional analyses, studies, or academic publications which support this determination.

e. Explain how the use of the kilowatt-hour sales methodology is more cost-effective.

11. Refer to the response to Item 25 of the July 17, 1992 Order:

a. List the factors considered in Taylor County's judgment determination that a 25/75 percent cost allocation for consumer and energy costs was appropriate.

b. Explain why these factors were considered.

12. Taylor County has indicated that the 25/75 percent cost allocation is "consistent with other cost of service studies."

a. Identify these cost-of-service studies and provide a copy.

b. State for each study whether it used identical methodologies to those used in the Taylor County study.

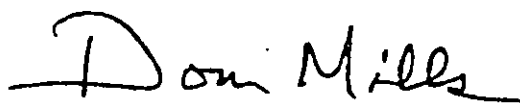
c. Identify study where methodologies different from the Taylor County study were used.

Done at Frankfort, Kentucky, this 21st day of August, 1992.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director